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Message Text

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13-61
ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

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AMEMBASSY VIENNA
AMEMBASSY WELLINGTON
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E.O. 11652: N/A
TAGS: AFIN, AORG, OECD, NATO, EEC, ELAB
SUBJECT: EC SALARY ADJUSTMENT SYSTEM

REF: STATE 236486

1. SUMMARY: THE EC COUNCIL HAS APPROVED THE PRINCIPLES OF A SALARY ADJUSTMENT SYSTEM DESIGNED TO LESSEN THE IMPACT OF THE RETAIL PRICE INDEX ON THE SALARIES OF THE 10,000 EC EMPLOYEES. THE ACTUAL COST OF THE NEW SYSTEM WILL DEPEND ON HOW THE COMMISSION AND COUNCIL IMPLEMENT IT. END SUMMARY.

2. THE EC COUNCIL OF MINISTERS ON JUNE 28 THIS YEAR ADOPTED THE OUTLINE OF A SALARY ADJUSTMENT PROCEDURE DESIGNED TO ENSURE THAT THE "REMUNERATION PAID TO EUROPEAN OFFICIALS MOVES PARALLEL TO AVERAGE SALARIES PAID IN THE MEMBER STATES TO THE VARIOUS GRADES OF NATIONAL CIVIL SERVANTS."

3. THE PROCEDURES PROVIDE FOR THE COUNCIL TO DECIDE, "ON PROPOSAL FROM THE COMMISSION, WHETHER, IN THE CONTEXT OF THE ECONOMIC AND SOCIAL POLICY OF THE COMMUNITIES, IT IS APPROPRIATE THAT REMUNERATION SHULD BE ADJUSTED." THIS DECISION IS TO BE TAKEN IN THE LIGHT OF FOUR FACTORS.

4. FIRST, A COMBINED INDICATOR, "IN ACCORDANCE WITH THE PROCEDURE APPLIED HITHERTO," WILL MEASURE COST-OF-LIVING TRENDS IN THE MEMBER STATES.

5. THE SECOND FACTOR IS "THE DEVELOPMENT OF THE REAL INCOME OF NATIONAL CIVIL SERVANTS." THE EC'S STATISTICAL OFFICE IS TO CALCULATE A"SPECIFIC INDICATOR" TO MEASURE CHANGES IN THE REAL INCOME OF CIVIL SERVANTS OF MEMBER STATES, WITH THE CHANGES BROKEN DOWNBY GRADES PARALLELING THE FOUR CATEGORIES OF EC EMPLOYEES. FURTHERMORE, THE STATISTICAL OFFICE IS TO PROVIDE PER CAPITA DATA ON SALARIES AND BENEFITS PROVIDED TO CIVIL SERVANTS IN EACH MEMBER STATE.

6. THIRDLY, "GENERAL ECONOMIC AND SOCIAL FACTORS" ARE ALSO TO BE TAKEN INTO ACCOUNT. THE COMMISSION IS TO PROVIDE THE LIMITED OFFICIAL USE

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COUNCIL WITH "MACRO-ECONOMIC INFORMATION INDICATIVE OF THE ECONOMIC AND SOCIAL POLICY OF THE MEMBER STATES OF THE COMMUNITY, SUCH AS GROSS DOMESTIC PRODUCT PER HEAD OF ACTIVE POPULATION AND EMOLUMENTS PER WAGE-EARNER IN THE ECONOMY AS A WHOLE."

7. THE FINAL FACTOR IS "RECRUITMENT NEEDS"--PRESENT AND FUTURE--OF THE VARIOUS COMMUNITY STAFF COMPLEMENTS. A COMMISSION REPORT ON THE "FACTS AND FUTURE PROSPECTS RELATING

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TO RECRUITMENT" WILL HAVE TO ACCOMPANY EACH SALARY ADJUSTMENT PROPOSAL.

8. THE GENERAL PROCEDURES DO NOT STATE HOW THESE VARIOUS FACTORS SHULD BE WEIGHTED. THE TRUST, HOWEVER IS TO REQUIRE SALARY ADJUSTMENT PROPOSALS TO BE CONSIDERED IN A CONTEXT BEYOND SIMPLY THE FLUCTUATIONS OF THE RETAIL PRICE INDEX.

9. COMMISSION OFFICIALS ARE CURRENTLY WRITING REGULATIONS IMPLEMENTING THESE PROCEDURES. THE ECONOMIC IMPACT OF THE SYSTEM WILL DEPEND PARTLY ON THE NUANCES OF THESE REGULATIONS, PARTLY ON PRESSURE FROM EMPLOYEE ORGANIZATIONS AT THE EC, BUT ALSO ON THE POLITICAL WILL OF THE COUNCIL TO SAY NO AT CRICUAL TIMES.

10. THE TEST WILL COME SOON, SINCE THE PROCEDURES APPLY TO A SALARY REVIEW NOW UNDER WAY. THE COMMISSION IS PREPARING A PROPOSAL FOR COUNCIL CONDISERATION IN NOVEMBER. SALARY ADJUSTMENTS, IF ANY, WOULD BE RETROACTIVE TO JULY 1.

11. THE PROCEDURES PROVIDE FOR ANNUAL REVIEW OF SALARIES, WITH INTERIM ADJUSTMENTS WHEN THERE IS A "SUBSTANTIAL RISE IN THE COST OF LIVING." IN JUNE THE COMMISSION APPROVED A 6.1 PERCENT INCREASE (RETROACTIVE TO JANUARY 1) BASED ON THE HIGHER COST OF LIVING, BUT THIS WAS DONE AS PART OF THE PACKAGE INVOLVING ACCEPTANCE OF THE NEW PROCEDURES GIVING LESS WEIGHT TO THE RETAIL PRICE INDEX.HINTON

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